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Department of State

EXCISE

TELEGRAM

358

CONFIDENTIAL 125

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY cj DATE 8/7/81
PORTIONS DENIED AS INDICATED

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ACTION E-15

INFO OCT-01 AF-12 COM-08 INT-06 TRSY-11 OEP-01 SS-20 NSC-10
L-04 CIAE-00 INR-08 NSAE-00 RSC-01 RSR-01 /098 W
122812

R 160957Z SEP 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 6892

C O N F I D E N T I A L TRIPOLI 2230

SUBJ: RATE OF OCCIDENTAL'S OIL PRODUCTION

REF: STATE 147123 AND TRIPOLI 2176

1. FURTHER CHECKING INTO CONDITIONS FOR RESTORATION OF OXY'S PRODUCTION TO 700,000 B/D INDICATED DEPT'S INFORMATION SUBSTANTIALLY CORRECT. FROM OXY SOURCE QWO IS PRIVY TO DETAILS OF SEPT 3 OXY-LARG AGREEMENT, EMBASSY HAS LEARNED THAT AGREEMENT SPECIFIES EFFECT OF 700,000 B/D PRODUCTION LEVEL ON RECOVERABLE RESERVES BE EVALUATED BY JOINT TECHNICAL COMMITTEE. OXY SOURCE DESCRIBES ALTERNATIVES OPEN TO COMMITTEE AS FOLLOWS: A) CONFIRM 700,000 B/D RATE; B) RECOMMEND PRODUCTION INCREASE, WHICH WOULD REQUIRE APPROVAL OF MINISTRY OF PETROLEUM; C) FAIL TO REACH AGREEMENT, IN WHICH CASE MATTER WOULD BE REFERRED TO PARTIES' CHIEF NEGOTIATORS (HAMMER AND JALLUD). IF NEGOTIATORS ALSO FAIL TO REACH AGREEMENT, THEN PRODUCTION RATE ISSUE WOULD BE REFERRED TO ARBITRATION -- WHICH OXY SAYS IT WOULD WIN.

2. PENDING REVIEW BY TECHNICAL COMMITTEE, PRODUCTION CONTINUING AT 700,000 B/D, AND OXY IS BASING ITS PLANNING ON MAINTAINING THIS RATE. [redacted] B4

3. WE UNDERSTAND FROM SEVERAL SOURCES THAT MINISTRY OF PETROLEUM D/G OF TECHNICAL AFFAIRS BIN 'UMRAN, FOR WHOM CONSERVATION CONTROLS IMPLEMENTED UNDER REGULATION 8 ARE PERSONAL CRUSADE, VIGOROUSLY PROTESTING RESTORATION OF OXY'S PRODUCTION DIRECTLY TO JALLUD WHO OVERRULED HIM. REPORTEDLY, BIN 'UMRAN IS INCENSED AT HAVING PART OF HIS PROGRAM UNDONE.

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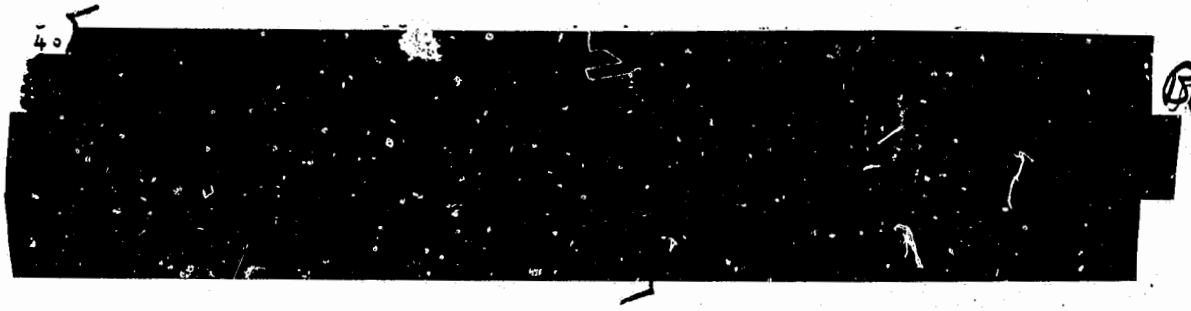

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